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RECORDATION NO. \_\_\_\_\_ FILED

AUG 2 1996 9 34 AM

INTERSTATE COMMERCE COMMISSION

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ELIAS C. ALVORD (1942)  
ELLSWORTH C. ALVORD (1964)

OF COUNSEL  
URBAN A. LESTER

July 26, 1996

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), are two (2) copies of an Assignment Agreement, dated as of July 24, 1996, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Assignor: Transportation Equipment, Inc.  
601 South E Street  
Weimar, Texas 78962

Assignee: NorRail, Inc.  
308 12th Avenue South  
Buffalo, Minnesota 55313

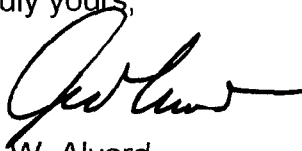
A description of the lease (not previously filed) and the railroad equipment covered by the enclosed document is attached as an Exhibit to the Assignment Agreement.

Mr Vernon A. Williams  
July 26, 1996  
Page 2

Also enclosed is a check in the amount of \$21.00 payable to the order of the  
Surface Transportation Board covering the required recordation fee

Kindly return one stamped copy of the enclosed document to the undersigned

Very truly yours,

A handwritten signature in black ink, appearing to read 'Robert W. Alvord', written in a cursive style.

Robert W Alvord

RWA/bg  
Enclosures

# ASSIGNMENT AGREEMENT

RECORDATION NO. 20214

AUG 2 1996 -9 35 AM

IN. ERSTATE COMMERCE COMMISSION

THIS ASSIGNMENT AGREEMENT (the "Assignment") is made and entered into as of 7-24, 1996, by NORRAIL, INC., a Minnesota corporation (the "Assignee") and TRANSPORTATION EQUIPMENT, INC., a Texas corporation (the "Assignor").

WHEREAS, Assignor owns certain items of railroad equipment (the "Equipment") which has been leased to MOBIL OIL CORPORATION pursuant to a Rider 8 to the Master Rail Car Lease and Service Contract No. L-261-84, dated as of October 25, 1995 (the "Lease"); and

WHEREAS, pursuant to Purchase and Sale Agreement No. 1664 (the "Purchase Agreement") of even date herewith, Assignor has agreed to sell and Assignee has agreed to purchase certain Assets, including but not limited to all of Assignor's right, title, and interest in the Lease and the Equipment (as such terms are defined in the Purchase Agreement); and

NOW, THEREFORE, in consideration of the promises herein made and subject to the terms and conditions herein set forth, the parties hereto agree as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings specified in the Purchase Agreement.

2. Assignment. Assignor hereby sells, assigns, transfers, and conveys to Assignee all of Assignor's right, title, and interest in and to the Assets with respect to periods on and after the date of execution and delivery of this Assignment.

3. Representations and Warranties. Assignor hereby represents and warrants to Assignee the following:

(a) Under Rider 8, assignee will be entitled to receive rental payments of \$385 per Car per month beginning with July 1, 1996 through and including January 1, 1997 for a total of 7 monthly payments due in advance on the first day of each month;

Assignee will also be entitled to receive any other payments due Lessor under the Lease for the periods of time described above, all such payments to be made in accordance with the terms of the Lease.

(b) A complete copy of the Lease is attached hereto as Exhibit A.

4. Assumption. Assignee hereby accepts the foregoing assignment, and with respect to periods on and after the execution and delivery of this Assignment Agreement, for the benefit of Assignor and each of the other parties having interests in the Lease hereby consents that it shall be a party to the Lease and Assignee hereby agrees to be bound by all of the terms of such Lease, to the extent provided herein.

5. Counterparts. This Assignment Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

6. Successors and Assigns. The terms of this Assignment Agreement shall be binding

upon, and shall inure to the benefit of, the parties hereto, and their respective successors and assigns.

7. Governing Law. This Assignment Agreement shall be construed and enforced in accordance with the laws of the State of Texas.

8. Further Assurances. Each party agrees that from time to time after the date hereof it shall execute and deliver, or cause to be executed and delivered, such instruments, documents, and papers, and take all such further action, as may be reasonably required in order to consummate more effectively the purposes of this Assignment Agreement and to implement the transactions contemplated hereby. Assignor covenants and agrees to cooperate with Assignee in connection with any litigation arising with respect to the Assets.

**IN WITNESS WHEREOF**, the parties hereto have caused this Assignment Agreement to be duly executed and delivered on the day and year first above written.

**ASSIGNOR:                   TRANSPORTATION EQUIPMENT, INC.**

By: Robert P. Hunt

Its: President

**ASSIGNEE:                   NORRAIL, INC.**

By: Russell J. Adams

Its: Vice President Sales

STATE OF

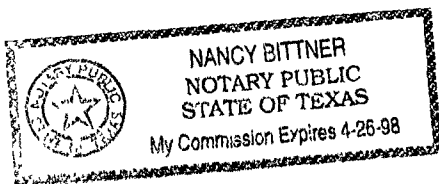
Texas

COUNTY OF

Colorado

On this 24<sup>th</sup> day of July, 1996, before me personally came ROBERT R HUETTE to me known, who, being by me duly sworn, did depose and say that he is the PRESIDENT of Transportation Equipment, Inc., a Texas corporation, and he acknowledged to me that he executed the foregoing document on behalf of said corporation by order of its Board of Directors and that such document was the free act and deed of said corporation.

Witness my hand and official seal.



Nancy Bittner  
Notary Public in and for said State

My commission expires:

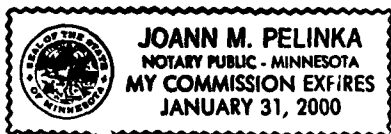
4-26-98

STATE OF Minnesota

COUNTY OF Wright

On this 25 day of July, 1996, before me personally came Russell S. Adams to me known, who, being by me duly sworn, did depose and say that he is the Vice President, Sales, of NorRail, Inc., a Minnesota corporation, and he acknowledged to me that he executed the foregoing document on behalf of said corporation by order of its Board of Directors and that such document was the free act and deed of said corporation.

Witness my hand and official seal.



Joann M. Pelinka  
Notary Public in and for said State

My commission expires: 1/31/2000

MASTER RAIL CAR LEASE AND  
SERVICE CONTRACT NO. L-261-84

This agreement, made this 24th day of October, 1995, by and between TRANSPORTATION EQUIPMENT, INC., a Texas Corporation, having its principal office at P. O. Box 775, Weimar, Texas, 78962 hereinafter called "LESSOR" and MOBIL OIL CORPORATION, having an office at 3225 Gallows Road, Fairfax, VA 22037, hereinafter called "LESSEE".

W I T N E S S E T H :

1. Rental and Service Charges. LESSOR hereby leases to the LESSEE, and the LESSEE hereby leases and hires from LESSOR and agrees to accept delivery of, upon the terms and conditions set forth herein and in the "Riders" attached hereto and made a part hereof (hereinafter referred to as the "Riders", this instrument, together with the Riders, shall be herein referred to as the "Agreement"), the rail cars described in the Riders (hereinafter referred to singularly as the "Cars"), for the use of which cars the LESSEE agrees to pay the LESSOR the rental and service charges for the full term hereof all as set forth in the Riders.

2. Payment. LESSEE agrees to pay said rental and service charges to LESSOR at its principal office located in Weimar, TX on the first day of each calendar month in advance, without deduction, except that the LESSEE shall pay in advance on the delivery of each car, respectively, a pro rata portion of one month's rental and service charges for the period between the date of delivery and the first of the next calendar month, and shall pay only the pro rata portion of such monthly charge attributable to any fractional month accruing at the termination of this lease.

3. Inspection of Car. Each of the cars shall be subject to LESSEE's inspection before loading, and the successful loading of such car shall constitute acceptance thereof by LESSEE, and shall be conclusive evidence (i) of the fit and suitable condition of such car for the purpose of transporting the commodities then and thereafter loaded therein, and (ii) that it is one of the cars described in the Riders. In any event, however, monthly rental and service charges shall be paid from the date of delivery at the point of delivery described in the Riders.

4. Responsibility for Lading. LESSOR shall not be liable for any loss of, or damage to commodities, or any part thereof, loaded or shipped in the Cars, however such loss or damage shall be caused, or shall result. LESSEE agrees to assume responsibility for, to indemnify LESSOR against, and to save it harmless from, any such loss or damage, or claim therefor.

5. Damage to Cars Resulting from Lading. In the event any of the cars, or the fittings, or appurtenances thereto, including the interior lining for rail cars so equipped, shall become damaged by the commodity loaded therein, LESSEE agrees to assume the responsibility for such damage, but only to the extent of the LESSEE's negligence.

6. Alteration and Lettering. LESSEE will preserve the cars in good condition and will not in any way alter the physical structure of the cars without the advance approval in writing of LESSOR. LESSEE shall place no lettering or marking of any kind upon the cars without LESSOR's prior written consent, except that, for the purpose of evidencing the operation of the cars in LESSEE's service hereunder, LESSEE will be permitted to board and placard or stencil the cars with letters not to exceed two inches (2") in height.

7. Limitations on Use. LESSEE will not use the cars in a "unit train" without advance approval in writing of the LESSOR. LESSEE agrees not to load any of the cars in excess of the load limit stencilled thereon.

8. Maintenance. LESSOR agrees to maintain each of the cars in good condition and repair according to the Interchange Rules of the Association of American Railroads (AAR), and LESSEE agrees to forward the cars to the shops of LESSOR for periodic maintenance repairs as may be directed by LESSOR. No repairs to any of the cars shall be made by LESSEE without LESSOR's prior written consent except that LESSEE shall, at its expense, replace any removable parts (hatch covers, valves, outlet caps, etc.) if lost or broken. Replacement or repair by LESSEE of any parts, equipment, and/or accessories on any of the cars shall be with equal quality to those being replaced or repaired unless otherwise agreed to in writing by LESSOR. Except for ordinary wear and tear and for required periodic inspections, LESSEE agrees it will assume the responsibility for the maintenance and repairs to hatch covers (including gaskets, locks hold down devices) and to the hopper gates and operating valves or other mechanisms. There will be no loss of rental to LESSOR for repairs for the account of LESSEE. If any of the cars shall be completely destroyed, or if the physical condition of any car shall become such that car cannot be operated in railroad service as determined by the parties, then the LESSOR may, at its option, cancel this lease as to such car as of the date on which such event occurred, or may substitute another car of approximately the same type and capacity within a reasonable period of time, and in the event of such substitution, the substituted car shall be held pursuant to all the terms and conditions of this Agreement. Should any of the cars become unavailable for use pursuant to this Agreement for any other reason, LESSOR shall have the right to substitute another car of approximately same type and capacity within a reasonable period of time; and, in the

event of such substitution, the substituted car shall be held by LESSEE pursuant to all the terms and conditions of this Agreement. When cars are placed in private car shop for maintenance and/or repair, for the account of the LESSOR, the rental charges on each car shall cease five (5) days after the date of rail delivery to the shop, and will be reinstated on the date such car is forwarded from the shop. If any repairs are required as a result of the misuse by or negligence of LESSEE, its consignee, agent or sublessee, or while on a railroad that does not subscribe to, or fails to meet its responsibility under, the Interchange Rules of the AAR, or while on any private siding or track or any private or industrial railroad, the rental charge shall continue during the repair period, and the LESSEE agrees to pay LESSOR for the cost of such repair. LESSEE agrees that if by reason of such misuse or negligence any car is completely destroyed or in the opinion of the LESSOR, such car's physical condition is such that it cannot be operated in railroad service, LESSEE will pay LESSOR, the AAR settlement value as determined by the AAR Rules of Interchange in effect at that time within thirty (30) days following a request by LESSOR for such payment. LESSEE, at its own expense, shall either replace or reimburse LESSOR for the cost of replacing any appliance or removable part, if destroyed, damaged, or lost, removed or stolen, unless the railroads transporting the cars have assumed full responsibility for such loss or damage, or unless such loss or damage results from the negligence or omission of LESSOR, its agents or employees.

9. Lining. The maintenance of interior protective lining in cars so equipped is to be at the expense of the LESSEE, including freight charges to and from the lining shop.

10. Indemnity. LESSEE will indemnify LESSOR against any loss, damage, claim, expense (including attorney's fees and expenses of litigation), or injury imposed on, incurred by, or asserted against LESSOR, arising out of LESSEE's or any Sublessee's use, lease, possession, or operation of the cars occurring during the term of this lease, or by the contents of such cars, except for any loss, liability, claim, damage or expense which is directly attributable to the fault or neglect of the LESSOR or for which a railroad or railroads have assumed full responsibility. All indemnities contained in this Agreement shall survive the termination hereof, however same shall occur.

11. Governmental and Industrial Regulations. LESSEE agrees to comply with all governmental laws, rules, regulations and requirements, and with the Interchange Rules of the AAR with respect to the use and operation of each of the cars during the term of this Agreement.

12. Return of Cars. Upon the expiration or termination of this lease as to any of the cars, LESSEE agrees to return each of the cars in good working order, ordinary wear and tear excepted, free from all

charges and liens which may result from any act or default of LESSEE, to LESSOR at a point designated by LESSOR, free from residue and complete with all parts, equipment and accessories with which the car was originally equipped or which had been added during the term of this lease, and to give LESSOR thirty (30) days advance notice of such return. LESSEE shall, on demand, reimburse LESSOR for the cost of cleaning any cars not properly cleaned or containing residue, as well as monthly rental and service charges incurred during the cleaning process not to exceed thirty (30) days.

13. Additional Charges by Railroads. LESSEE agrees to use the cars, upon each railroad over which the cars shall move, in accordance with the tariffs to which each such railroad shall be a party; and, if the operation or movements of any of the cars during the term hereof shall result in any charges being made against LESSOR by any such railroad, LESSEE shall pay LESSOR for such charges within the period prescribed by and at the rates and under the conditions established by said tariffs. LESSEE agrees to indemnify LESSOR against same and shall be liable for any switching, demurrage, track storage, mileage, movements, or detention charges imposed on any of the cars during the term hereof, except when in connection with movement or shopping of cars by, or at the direction of LESSOR.

14. Service. The LESSEE will use the cars only for loading of products for which they are approved by the applicable regulatory agencies.

15. Mileage. LESSOR shall collect all mileage earned by the cars, and shall credit to the rental account of LESSEE for each accounting period (as defined below) such mileage earned by the cars while in the service of LESSEE, as and when received from the railroads, according to and subject to all rules of the tariffs of the railroads, but only to the extent of the aggregate rental charges payable hereunder for such accounting period. Any credit due LESSEE at the end of an accounting period shall be applied to LESSEE's account for the subsequent accounting period. The term "accounting period", is defined to mean each period of twelve (12) consecutive months within the term of the applicable Rider, ending on the anniversary period of the date of expiration of the Rider. If the term of the Rider is less than twelve (12) months, accounting period is defined to mean the term of the Rider.

16. Rental and Service Charge Adjustments. The rental and service charges are based upon construction of the cars in accordance with the design requirements of the AAR, Department of Transportation, and the Federal Railroad Administration effective at the time the lease of the cars was quoted to LESSEE. Any change in design due to changes in these requirements or due to the requirements of any other governmental authority between the effective date and the expiration or termination

of the lease will cause the rental and service charges to increase at a monthly rate of \$1.75 per month for each \$100.00 expended by LESSOR on such car, effective as of the date the car is released from the shop after application of such additions, modifications, or adjustments. In the event that the car owner deems it uneconomic to perform such modifications, he may terminate the lease with respect to the cars in question, but if the LESSEE so desires he may make the modifications at his expense; or if the resulting rental charge increase exceeds twenty percent (20%) of the existing rental rate, the LESSEE may terminate lease with respect to the car(s) in question. The rate stated above is subject to annual review and adjustment.

17. Mileage Cost Adjustments. To the monthly rental and service charges, LESSOR will add (\$.02) per mile for each mile traveled by the cars in a calendar year above the "maximum average mileage" which is to be determined as follows: The "maximum average mileage" for a calendar year shall be determined by multiplying 30,000 miles by the number of cars covered by this Rider during such calendar year. Any car covered by this Rider during only a portion of the calendar year in question shall be included on a pro rata basis in the calculation of the "maximum average mileage". The rate stated above is subject to annual review and adjustment.

18. Taxes and Liens. LESSOR agrees to pay all property taxes levied upon the cars and to file all property tax reports relating thereto. LESSEE agrees to report and pay, in addition to rental and service charges, all sales, use, leasing, operation, excise and other taxes with respect to the cars, together with any penalties, fines, or interest thereon, and all duties, taxes, investment tax credit reductions, and similar charges arising out of use of the cars outside the United States. LESSEE agrees not to encumber or dispose of this lease or any of the cars or any part of a car or permit any encumbrance or lien to be entered or levied upon any of the cars.

19. Assignment. LESSEE agrees, to the best of its ability, to use the cars exclusively in LESSEE's own service within the boundaries of the continental United States and Canada and to make no transfer, or assignment, of the Agreement, except that LESSEE shall have the right to sublease any of the cars provided, however, that notwithstanding any such sublease, LESSEE shall continue to remain fully liable to LESSOR under this Agreement. In the event the cars are used outside the areas specified, LESSEE agrees to bear full responsibility for, to defend, and to reimburse LESSOR for any loss, damage, and/or cost and expenses, suffered by LESSOR or claim against LESSOR and for all cost and expenses including legal costs and attorney's fees arising in any way from such car movement.

Subject always to the foregoing, this Agreement inures to the

benefit of, and is binding upon, the LESSOR, its successors and assigns, and the LESSEE, its successors and assigns.

20. Default. If the LESSEE defaults in the payment of rental and service charges on any of the cars at the time when same become due, or defaults in the performance or observance of any of the other agreements herein contained and by LESSEE to be performed or observed, and such default shall continue for ten (10) days after LESSEE has been given notice of default (that is LESSEE shall have ten (10) days from date of receiving notice to correct default), or there shall be filed by or against LESSEE a petition in bankruptcy or for reorganization under the Bankruptcy Law or there shall be a receiver appointed for any part of LESSEE's property or LESSEE shall make a general assignment for the benefit of creditors, then and in any of said events, LESSOR, at its election, may, upon notice to LESSEE of termination, terminate the lease set forth herein and repossess itself of any or all said cars and this lease shall thereupon become and be terminated. In the alternative, LESSOR, may, without notice, repossess itself of said cars and re-let the same or any part thereof to others for such rent and upon such terms as it may see fit; and if a sufficient sum shall not be thus realized after repaying all expenses of re-taking and re-letting said cars, including attorney's fees and expenses of litigation and collecting the rentals thereof to satisfy the rental and service charges herein reserved, the LESSEE agrees to satisfy and pay the deficiency accrued from time to time upon demand. The obligation for any such deficiency as well as the obligation for any and all other payments by LESSEE to LESSOR called for by this Agreement shall survive any termination of this Agreement or the lease contained herein for whatever reason and/or such retaking of the cars. LESSEE shall, without expense to LESSOR, assist it in repossessing itself of said cars and shall for a reasonable time if required, furnish suitable trackage space for the storage of said cars. The rights and remedies herein given to LESSOR shall in no way limit its rights and remedies given or provided by law or in equity.

21. Responsibility for Obtaining OT-5 Approval. LESSEE will be responsible for obtaining approval for use of the cars pursuant to circular No. OT-5 of the AAR. In case approval is withdrawn or modified, this contract shall remain in full force and effect notwithstanding such withdrawal or modification.

22. Notice. All notices provided for herein, as well as all correspondence pertaining to this Agreement, shall be considered as properly given if given: (a) in writing and delivered personally or sent by registered or certified mail, or (b) by telefax or cable and confirmed thereafter in writing sent by registered or certified mail. The respective addresses for notice shall be the addresses of the parties given below. Such addresses may be changed by either party giving written notice thereof to the other.

LESSOR AT:  
P. O. BOX 775  
WEIMAR, TX 76962

LESSEE AT:  
3225 Gallows Road  
Fairfax, VA 22037

23. Force Majeure. The obligations of the LESSOR and LESSEE as regards delivery and redelivery shall be subject to all causes reasonably beyond the control of LESSOR or LESSEE, including, but not limited to, delays caused by fire, labor difficulties, delays of carriers and materialmen or governmental authority; and LESSOR or LESSEE shall not be liable for any damages by reason of any such delay.

24. Miscellaneous. Nothing herein contained shall give or convey to LESSEE any right, title, or property interests in and to the cars except as LESSEE. LESSOR makes no representation or warranty of any kind, expressed or implied, with respect to the cars, their merchantability, their fitness for a particular purpose, infringement or otherwise.

It is expressly understood and agreed that this Agreement constitutes a separate Rail Car Lease and Service Contract with respect to the cars described in each Rider. The termination or extension of any such contract shall not affect any other contract, and a supplement evidencing the same shall be executed, delivered, and acknowledged at the request of either party hereto. At the request of either party hereto, a separate Rail Car Lease and Service Contract with respect to the cars described in any Rider will be executed, delivered and acknowledged in substantially the form of this Agreement.

This instrument, together with any and all Riders attached hereto, constitutes the entire agreement between LESSOR and LESSEE and it shall not be amended, altered, or changed except by written agreement signed by the parties hereto.

All rights of LESSOR hereunder may be assigned, pledged or mortgaged, transferred, or otherwise disposed of, either in whole or in part, and/or LESSOR may assign, pledge, mortgage, transfer, or otherwise dispose of title of cars without notice to LESSEE. However, no such assignment, pledge, mortgage, transfer or other disposal shall interfere with the rights or obligations of LESSEE hereunder, provided that LESSEE is not in default with respect to any of the terms and conditions of this lease. LESSEE agrees to abide by the terms of this lease in the event of any such assignment, pledge, mortgage, transfer, or other disposition, this Agreement and all of the LESSEE's rights under this

Agreement and all rights of any person, firm or corporation who claims or who may hereafter claim any rights under this Agreement under or through LESSEE are hereby made subject and subordinate to the terms, covenants, and conditions of any chattel mortgages, security agreements, conditional sale agreements, and/or equipment trust agreements covering the cars of any of them heretofore or hereafter created and entered into by LESSOR, its successors or assigns, and to all the rights of any such chattel mortgage, assignee, trustee, secured party, or other holder of the legal title to the cars, the cars may be lettered or marked to identify the legal owner of the cars at no expense to LESSEE. If, during the continuance of this agreement, any such marking shall at anytime be removed or become illegible, wholly or in part, LESSEE shall immediately cause such marking to be restored or replaced at LESSOR's expense.

All terms used in the Riders shall have the same meaning as used or defined herein except as may be otherwise specifically defined in such Riders. Should any term or condition of any Rider be inconsistent or conflict with any term or condition hereof, the term or condition of the Rider shall govern.

This Agreement shall be governed and construed by the laws of the State of Texas.

IN WITNESS WHEREOF, the parties have caused this instrument to be executed and delivered the day and year first above written.

TRANSPORTATION EQUIPMENT, INC. - "LESSOR"

By: Robert A. Hunt

MOBIL OIL CORPORATION - "LESSEE"

By: G. G. Smith

TRANSPORTATION EQUIPMENT, INC.  
EXTENSION AND AMENDMENT OF RIDER 8  
TO HOPPER CAR LEASE AND SERVICE CONTRACT L-261-84

RECEIVED JAN 28 1994

1. Rental and Service Charges. The cars subject to this Rider have monthly rental and service charges as follows:

<u>NUMBER OF CARS</u>	<u>TYPE</u>	<u>CAR NUMBERS</u>	<u>MONTHLY RENTAL AND SERVICE CHARGE PER CAR</u>
ONE (1)	5250 CU.FT. COVERED HOPPER CARS	ARGX 5208	\$ 385.00 (EFFECTIVE 1-01-94)

2. Term. The term of this Rider is hereby extended to a January 1, 1997, minimum lease date and day to day thereafter, subject to 30-day recall by TEI or release by Mobil Oil.

All other terms and conditions of this Rider shall remain unchanged and in effect.

TRANSPORTATION EQUIPMENT, INC. - "LESSOR"

DATED: 1/11/94

By: Robert R. Smith

Title:

MOBIL OIL CORPORATION - "LESSEE"

DATED: 1/21/94

By: G. D. Lawrence

Title: mgr. RAIL Fleet